



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 5/25/2007

GAIN Report Number: IT7012

Italy

Fresh Stone Fruit

Annual

2007

Approved by:

Robin Gray
U.S. Embassy

Prepared by:

Dana Biasetti

Report Highlights:

Italian production of peaches and nectarines in 2006 is down 6% from 2005, with inferior fruit. The decrease in quality and quantity can largely be attributed to inclement weather conditions, particularly abundant rain and cold temperatures in August. Exports of peaches and nectarines are slowing, mostly because of competition from other Mediterranean countries.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Rome [IT1]
[IT]

Production

Italian production of peaches and nectarines in 2006, at 1.66 million tons, is down approximately 6% from the previous campaign. In 2006, Italy produced 88.4 million tons of peaches and 77.7 million tons of nectarines. Causes attributed to the decrease are inclement weather conditions, due to abundant rains and cold temperatures, especially in August. With growing competition from other Mediterranean countries, Italian exports of peaches and nectarines are slowing down, with present volumes dropping to levels reported at the end of the 1990's.

According to industry estimates, there are approximately 100,000 hectares of orchards currently cultivated for peaches and nectarines. Main locations are, Emilia-Romagna, central Italy, Campania, Sicily and Metapontino. In the last decade, the peach and nectarine production area in Italy has extended from the center-north, mainly Emilia-Romagna, to southern regions where the climate is milder. As a result, Italian producers compete directly with Spanish and Greek producers in the early production supply to the EU market.

It is estimated that the annual cost per hectare of running a peach or nectarine orchard, including labor, insurance and taxes is between 13,000 and 14,000 euros (6,200 – 6,800 dollars per acre). This results in a per kilo cost to the farmer of about 0.33-0.45 euros (0.4-0.55 dollars per kilo), which in many cases is above the farm gate price.

The long-term trend for Italian peach and nectarine production is uncertain. Planted area is shrinking in response to decreasing exports, falling domestic consumption and low domestic market prices. According to industry sources, Italian producers are growing older in age and younger generations are not willing to take over the orchards. During the next ten years it is estimated that there will be a 20 to 30% drop in production. Estimate for 2007 is based on weather conditions to date and expected yields. The forecast for 2008 is based on the most recent production trends.

Consumption

Over the last few years, Italian consumption of fresh fruit and vegetables declined by more than 12 percent. As a result, fresh peaches and nectarines have lost significant market share. Industry sources report that the volume of domestic consumption in 2006 dropped by 19% from the previous year. A reduction of "at home" consumption has been partially offset by an increase in restaurant and catering consumption. Peaches and nectarines account for 8% of Italian total fruit consumption that is approximately valued at 550 million Euros. Of Italian stone fruit consumption, 70% of the Italian consumption is for peaches, with the remaining 30% for nectarines. In 2006 Italian consumption of peaches dropped, while the consumption of nectarines increased significantly. The average cost for one kilo of peaches and nectarines in 2006 was 1.52 Euro/kg compared to 1.34 Euro/kg in 2005.

Trade

Italian imports of peaches and nectarines for 2006 nearly reached 80 thousand tons, of which just over 67 thousand tons were early season products from Spain. Exports account for approximately 25% of domestic production, and in 2006 they remained generally stable at around 360 thousand tons. Of these exports, almost 160 thousand tons were exported to the German market. Northern European countries continue to be the main destination for Italian stone fruit exports.

North African countries, with Egypt in the forefront, have started to enter the peach and nectarine market. Over the past thirty years Egypt has much improved their stone fruit genetics, producing a fruit that cultivates several times a year. Due to Egypt's climate and well-developed irrigation system, they are able to produce an early-ripening variety that grows in the sub-tropical climate without the need for green houses. This product is extremely cost competitive with both Spanish and Italian varieties. There is no trade in fresh stone fruit between Italy and the United States, and processing is a minor element in the total peach and nectarine PSD.

Marketing

On March 1, 2005 Italy implemented EU Regulation CE 1861/2004 that sets stricter marketing standards for peaches and nectarines. The full text of the regulation is available at:

http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/oj/2004/l_325/l_32520041028en00100016.pdf

PSD Table

Country Italy

Commodity Fresh Peaches & Nectarines

(HA)(1000 TREES)(MT)

	2006 Revised			2007 Estimate			2008 Forecast		
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Area Planted	94000	0	93635	0	0	92000	0	0	92000
Area Harvested	86000	0	85892	0	0	85000	0	0	85000
Bearing Trees	0	0	0	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0	0	0	0
Commercial Production	1530000	0	1664700	0	0	1670000	0	0	1650000
Non-Comm. Production	30000	0	30000	0	0	30000	0	0	30000
Production	1560000	0	1694700	0	0	1700000	0	0	1680000
Imports	60000	0	79733	0	0	80000	0	0	80000
Total Supply	1620000	0	1774433	0	0	1780000	0	0	1760000
Fresh Dom. Consumption	1139000	0	1385615	0	0	1388500	0	0	1379000
Exports, Fresh	425000	0	357146	0	0	360000	0	0	350000
For Processing	24000	0	21700	0	0	21500	0	0	21000
Withdrawal From Market	32000	0	9972	0	0	10000	0	0	10000
Total Distribution	1620000	0	1774433	0	0	1780000	0	0	1760000

Import Trade Matrix

Country Italy

Commodity Fresh Peaches & Nectarines

Time Period Units:

Imports for:

U.S. U.S.

Others Others

Spain	47638	Spain	67070
France	8050	France	8995
UK	1704	UK	1628
Egypt	1137	Egypt	616
Germany	220	Germany	447

Total for Others 58749 78756

Others not Listed

Grand Total 59800 79733

Export Trade Matrix

Country Italy

Commodity Fresh Peaches & Nectarines

Time Period	Year	Units:	MT
Exports for:	2005		2006
U.S.		U.S.	
Others		Others	
Germany	171877	Germany	157489
UK	54804	UK	33794
Poland	26770	Poland	21199
Austria	20187	Austria	20811
Switzerland	18643	Switzerland	14845
Czech. Rep.	18080	Czech. Rep.	13635
Sweden	16337	Sweden	12440
Denmark	12545	Denmark	10016
Russia	10150	Russia	8631
Total for Others	349393		292860
Others not Listed	72275		64286
Grand Total	421668		357146